

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By Chairman Chase Hibbard, on January 27, 1997,
at 8:00 a.m., in Room 437.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Robert R. Story, Jr., Vice Chairman (Majority) (R)
Rep. Robert R. "Bob" Ream, Vice Chairman (Minority) (D)
Rep. Peggy Arnott (R)
Rep. Paul Bankhead (R)
Rep. John C. Bohlinger (R)
Rep. Bill Carey (D)
Rep. Alvin A. Ellis, Jr. (R)
Rep. Marian W. Hanson (R)
Rep. Hal Harper (D)
Rep. Dan W. Harrington (D)
Rep. Rick Jore (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. John "Sam" Rose (R)
Rep. William M. "Bill" Ryan (D)
Rep. Richard D. Simpkins (R)
Rep. Emily Swanson (D)
Rep. Lila V. Taylor (R)
Rep. Jack Wells (R)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Services Division
Donna Grace, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: HJR 2 (1/27)

Executive Action: Preliminary Action on HJR 2

Chairman Hibbard commented on the process the Taxation Committee would use in its consideration of HJR 2. He said the Legislative Fiscal Division and the Governor's Office of Budget and Program Planning would each be allowed an opportunity to state their position on each issue, with questions from the Committee to follow. After presentation of each issue, the Committee would vote on the recommendation they wish to accept. *{Tape: 1; Side: A; Approx. Time Count: 1.3.}*

HEARING ON HJR 2

Opening Statement by Sponsor:

Rep. Bob Ream, House District 69, opened the hearing on HJR 2, by providing history of revenue estimating. He commented that the Legislative Fiscal Division (LSD) and the Governor's Office of Budget and Program Planning (OBPP) had agreed on the estimates on twenty-one issues and disagreed on eight. **EXHIBIT 1 and 2.** *{Tape: 1; Side: A; Approx. Time Count: 5.9.}*

Mary Bryson, Director, presented the position of the Department of Revenue relative to HJR 2. **EXHIBIT 3.** *{Tape: 1; Side: A; Approx. Time Count: 27.4.}*

Terry Johnson, LSD, presented the position of the Division on the first twenty-one issues on which there was agreement. *{Tape: 1; Side: A; Approx. Time Count: 34.0.}*

Steve Bender, OBPP, commented on the same twenty-one issues. *{Tape: 1; Side: A; Approx. Time Count: 40.5.}*

Questions from Committee Members

{Tape: 1; Side: A; Approx. Time Count: 42.3; Comments: Questions from Committee Members are continued on Tape 1 B.}

Motion:

Rep. Ream moved to accept the estimates in HJR 2 on the first twenty-one sources of revenue. *{Tape: 1; Side: B; Approx. Time Count: 40.7.}*

Vote:

On a voice vote, the motion passed unanimously, 20 - 0. *{Tape: 2; Side: A; Approx. Time Count: 8.2.}*

Source of Revenue: Railroad Tax

Terry Johnson, LFD. *{Tape: 2; Side: A; Approx. Time Count: 9.3.}*

Steve Bender, OBPP. *{Tape: 2; Side: A; Approx. Time Count: 10.7.}*

Questions from Committee:

{Tape: 2; Side: A; Approx. Time Count: 12.6.}

Motion:

Rep. Ellis moved to accept the recommendation including the railway car tax of \$10.2 million. {Tape: 2; Side: A; Approx. Time Count: 15.2.}

Vote:

On a voice vote, the motion passed, 19 - 1. Rep. Raney voting no. {Tape: 2; Side: A; Approx. Time Count: 20.0.}

Issue: Property Tax

Terry Johnson, LSD. {Tape: 2; Side: A; Approx. Time Count: 21.6.}

Steve Bender, OBPP. {Tape: 2; Side: A; Approx. Time Count: 27.6.}

Motion:

Rep. Ellis moved to change the figure on page 6, line 7, by adding \$734,000. {Tape: 2; Side: A; Approx. Time Count: 31.9.}

Vote:

On a voice vote, the motion passed unanimously, 20 - 0. {Tape: 2; Side: A; Approx. Time Count: 34.4.}

Issue: Non Levy Revenue

Terry Johnson, LFD. EXHIBIT 5. {Tape: 2; Side: A; Approx. Time Count: 34.7.}

Steve Bender, OBPP. {Tape: 2; Side: A; Approx. Time Count: 42.8.}

Questions from Committee Members

{Tape: 2; Side: B; Approx. Time Count: .1.}

Motion/Vote:

Rep. Ellis moved to accept the recommendation where there is agreement on highway patrol fines and insert an additional line dealing with vehicle value. On a voice vote the motion passed, 19 - 1. Rep. Story voting no. {Tape: 2; Side: B; Approx. Time Count: 20.0.}

Motion/Vote:

Rep. Swanson moved to add a statement regarding calculation based on assumption of a 3.4% growth rate. On a voice vote, the motion passed, 19 - 0. *{Tape: 2; Side: B; Approx. Time Count: 27.8.}*

Motion/Vote:

Rep. Ellis moved to accept the OBPP revenue assumption, with the LFA to recalculate assumptions. On a roll call vote, the motion failed 11 - 8. Reps. Ryan, Harrington, Ellis, Bohlinger, Swanson, Harper, Ream and Hibbard voting yes. *{Tape: 3; Side: A; Approx. Time Count: 3.9.}*

Motion\Vote:

Rep. Simpkins moved to average the assumptions with the LFD to recalculate. The motion passed 16 - 3. Reps. Orr, Arnott and Jore voting no. *{Tape: 3; Side: A; Approx. Time Count: 3.9.}*

Issue: All Other Revenue

Terry Johnson, LFD. *{Tape: 3; Side: A; Approx. Time Count: 11.0.}*

Steve Bender, OBPP. *{Tape: 3; Side: A; Approx. Time Count: 13.8.}*

Motion/Vote:

Rep. Ream moved to adopt the HJR 2 recommendation on the DPHHS contract technical change. On a voice vote, the motion passed 18 - 0. *{Tape: 3; Side: A; Approx. Time Count: 16.0.}*

Terry Johnson presented LFD position on highway patrol fines. *{Tape: 3; Side: A; Approx. Time Count: 18.0.}*

Steve Bender presented OBPP position on highway patrol fines. *{Tape: 3; Side: A; Approx. Time Count: 21.5.}*

Terry Johnson, LFD, and Terry Johnson, OBPP, discussed drivers' license revenue. *{Tape: 3; Side: A; Approx. Time Count: 26.5.}*

The LFD recommendations on highway patrol fines was accepted without a motion.

Motion/Vote

Rep. Ream moved to accept the recommended changes on drivers' license fees. On a voice vote the motion passed 19 - 0. *{Tape: 3; Side: A; Approx. Time Count: 28.7.}*

Issue: Inheritance Tax

Terry Johnson, LFD. {Tape: 3; Side: A; Approx. Time Count: 30.3.}

Steve Bender, OBPP. {Tape: 3; Side: A; Approx. Time Count: 32.5.}

Judy Paynter, Department of Revenue. {Tape: 3; Side: A; Approx. Time Count: 34.4.}

Questions from Committee

{Tape: 3; Side: A; Approx. Time Count: 40.3.}

Motion/Vote:

Rep. Ellis moved to accept the Department of Revenue recommendations. On a voice vote, the motion passed 11 - 8. Reps. Orr, Carey, Wells, Jore, Bankhead, Taylor, Harper and Ream voting no. {Tape: 3; Side: A; Approx. Time Count: 41.6.}

The hearing on HJR 2 was recessed until 8:00 a.m., Tuesday, January 28.

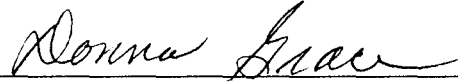
{Tape: 3; Side: B; Approx. Time Count: 3.2;n Comments: Adjourn .}

ADJOURNMENT

Adjournment: 11:55 a.m.



REP. CHASE HIBBARD, Chairman



DONNA GRACE, Secretary

CH/DG